

PROGRAM/SUBJECT: Cities and Towns - Multijurisdictional Service Districts	REF: C/T-13
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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

1. Compliance Requirements - continued:

- g. dispatch service;
 - h. protection of human health and the environment, including scenic concerns and recreational activities for areas requiring or involving environmental reclamation;
 - i. health services and health department functions; and
 - j. maintenance or provision of any public infrastructure facility, project, or service.
- (Section 7-11-1102(2), MCA)

- A multijurisdictional service district is established by an interlocal agreement among participating jurisdictions (counties/cities/towns), as authorized by an ordinance of each of the jurisdictions. (Section 7-11-1105, MCA)

(Note: An ordinance, for purposes of this section, includes a resolution of a county not having the power to enact ordinances.)

- Upon adoption of a multijurisdictional district authorizing ordinance, notice of the adoption must be published in a newspaper of general circulation in the jurisdiction. The notice must set forth the text or substance of the ordinance and state that electors or property owners may submit protests to the local government. (Section 7-11-1107, MCA)

(Note: A.G.O. No. 19, Vol. 46, pertains to counties. However, it would appear that it also would apply to municipalities. This A.G.O. states that a county that offered library services prior to 1986 may not form a new taxing unit to avoid the limitations on property taxes imposed under Initiative Measure No. 105 (I-105) by establishing a public library pursuant to Section 22-1-303, MCA, or by forming a multijurisdictional service district to provide library services pursuant to Title 7, Part 11, Chapter 11, MCA. Although not addressed in the A.G.O. because it was issued in 1996 before the Legislature eliminated I-105 and enacted Senate Bill No. 184 during the 1999 Legislature, it would appear that the basic conclusions of this opinion would also apply to tax limitations established by Senate Bill No. 184, which are contained in Title 15, Chapter 10, Part 4, MCA. Portions of that part were amended by the 2000 Special Session of the Legislature and by the 2001 Legislature. See C/T-2 for addition information on these budgetary limitations.)

Suggested Audit Procedures:

- If a multijurisdictional service district is established during the audit period, review a copy of the interlocal agreement and the ordinance of the entity being audited.
- Determine that the district was established to provide a type of service provided by statute.

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I. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

Suggested Audit Procedures - continued:

- Determine that a notice of adoption of the multijurisdictional district authorizing ordinance was published in a newspaper of general circulation in the jurisdiction.
- Determine that the creation of a multijurisdictional district does not appear to cause the local government to circumvent the budgetary restrictions provided for in law.

2. Compliance Requirements:

- The ordinance or petition for an ordinance to authorize a multijurisdictional service district must include the following:
 - a. the name of the proposed district;
 - b. the services to be provided by the proposed district;
 - c. a statement of convenience and necessity;
 - d. a boundary map of the proposed district;
 - e. estimated costs of services and methods of financing the district;
 - f. the method of administering the proposed district; and
 - g. the maximum property tax mill levy for property taxes in the district, subject to the limitations described in Section 15-10-420, MCA.
 (Section 7-11-1106, MCA)
- Subject to Section 15-10-420, MCA, local governments organizing a multijurisdictional service district are authorized to levy property taxes in an amount not to exceed that authorized for the district in Section 7-11-1106, MCA, and to appropriate funds derived from other than general tax revenues for the operation of the district. (Section 7-11-1112, MCA)
- A property tax levied for the purpose of financing the district must, for all agricultural property having an area greater than 10 acres, be levied only on the principal residential dwelling, if any, on the property.

Suggested Audit Procedures:

- Review the ordinance authorizing a multijurisdictional service district and determine that the ordinance includes the requirements listed above, and as specified in Section 7-11-1106, MCA.
- Review the ordinance to determine the maximum property tax mill levy authorized for the district, and determine that the property tax actually levied was not in excess of that maximum levy after considering the limitations of Section 15-10-420, MCA.
- Determine that a property tax levied for the district was, for all agricultural property having an area greater than 10 acres, levied only on the principal residential dwelling, if any, on the property.